

COWRY WEEKLY FINANCIAL MARKETS

REVIEW & OUTLOOK (CWR)



Cowry Research



DOMESTIC ECONOMY: N16.45trn FAAC Windfall in 9M:25 Shows Nigeria's Fiscal Fortunes as FX Gains Fade Away.....

The Federation Account Allocation Committee (FAAC) continued its upward trajectory in 2025, marking one of the strongest fiscal performances in recent years. Between January and September 2025, a total of N16.45 trillion was shared among the three tiers of government, representing a 49.6% increase year-on-year from the N10.9 trillion distributed over the same period in 2024. This sharp rise underscores a combination of improved oil revenue performance, enhanced tax remittances, and the gradual normalization of Nigeria's fiscal operations following the distortions of the 2023–2024 exchange rate realignments.

A closer look at the disbursement breakdown reveals that the Federal Government received N5.66 trillion, accounting for about 34% of the total pool. This represents an 59% year-on-year increase, the most significant growth among the tiers. State governments collectively received N5.52 trillion, up by 47.3%, while local governments earned N4.04 trillion, a 48.2% increase over the corresponding period of 2024. The 13% derivation fund, which benefits oil-producing states, also grew modestly by 27.6% to N1.23 trillion, reflecting an improvement in crude oil output and remittance efficiency by key upstream operators.

The pattern of monthly allocations highlights the increasing liquidity that has flowed into the public sector since the start of the year. From an average monthly disbursement of just above N1.1 trillion in the first half of 2024, allocations have steadily expanded, crossing the N2 trillion mark in July and August 2025, when FAAC distributed N2.00 trillion and N2.23 trillion respectively — the highest monthly disbursements on record. The combination of elevated crude oil prices in the international market, higher domestic oil production volumes, and stronger performance from non-oil tax agencies such as the Federal Inland Revenue Service (FIRS) and the Nigeria Customs Service, all contributed to the enlarged fiscal envelope.

Interestingly, the composition of FAAC inflows reveals a structural shift in Nigeria's revenue profile in 2025. Unlike the preceding year when foreign exchange revaluation gains boosted public revenues, the 2025 performance has been driven largely by core statutory and tax-based income. Statutory allocations rose sharply by 71.2% to N9.35 trillion, supported by higher crude royalties, company income tax, and customs duty collections. By contrast, exchange gain revenues declined steeply by 88.4% to just N699 billion, as the naira stabilized following its sharp depreciation in 2023–2024. This decline, while reducing the FX windfall component, signals a welcome return to more sustainable, production-driven revenue growth.

Similarly, value-added tax (VAT) collections, which have become a critical non-oil revenue pillar, stood at N5.97 trillion between January and September 2025 — a marginal 2.2% decline compared to the previous year. The moderation in VAT performance likely mirrors softer household consumption and business activity amid still-elevated inflation and high-interest rate conditions. The Electronic Money Transfer Levy (EMTL), another non-oil revenue line, generated N326 billion YTD, down from N782 billion in 2024, as transaction volumes in the digital payments space normalized after two years of accelerated growth.

The strong inflow to the Federation Account in 2025 has had visible fiscal implications at the subnational level. Many states have reported improved liquidity positions, enabling them to meet recurrent obligations such as salary payments, pension arrears, and in some cases, increase capital expenditure. The higher FAAC inflows have also supported local governments, many of which depend almost entirely on monthly allocations to function. Nevertheless, the distribution pattern continues to underscore Nigeria's fiscal centralization — with the Federal Government and states accounting for over two-thirds of total disbursements, leaving local councils still fiscally constrained.

From a broader perspective, the 2025 FAAC trajectory reflects a system gradually rebalancing from FX-driven windfalls to organic revenue growth. This shift, though positive for fiscal sustainability, introduces new challenges: with limited exchange rate revaluation gains and only moderate improvement in oil output, the scope for further revenue expansion may narrow unless tax efficiency, compliance, and diversification deepen.

Going into the final quarter of 2025, FAAC inflows are expected to remain robust but may begin to stabilize around the N1.8–N2.0 trillion monthly range, depending on oil market dynamics and fiscal operations. With oil production currently averaging between 1.4 and 1.5 million barrels per day and global prices hovering near the \$80 per barrel mark, Nigeria's fiscal outlook remains cautiously optimistic. However, rising recurrent spending pressures — including wage adjustments and debt servicing costs — may continue to test the government's fiscal discipline.

EQUITIES MARKET: Bourse Rallies Higher to Historic Levels, Up 4.47% W/W as Market Cap Nears N100trn Mark....

The Nigerian equities market extended its bullish momentum this week, reaching a new 52-week high at 155,640.55 points, up 4.47% week-on-week. The rally was fueled by renewed buying interest in mid- and large-cap blue-chip stocks as well as strategic sectoral reallocation by investors on the back of strong fundamentals. This was further propelled by the flurry of impressive 9-months earnings scorecards published by corporates to rouse positive sentiments across counters.

Consequently, the market capitalization of listed equities expanded by 4.48% to N98.79 trillion, translating to an impressive N4.23 trillion gain for investors while the NGX All-Share Index (ASI) now boasts a year-to-date (YTD) return of 51.22%, and underscoring the market's resilience.

Despite the overall positive sentiment, market breadth closed negative at 0.86x, with 42 gainers against 49 losers. Trading activity, however, remained vibrant, as the number of deals, total volume, and total value of transactions surged by 16.76%, 52.29%, and 68.45% to 147,982 trades, 3.69 billion units, and N129.67 billion, respectively.

Sectoral performance was broadly positive, except for the NGX-Banking Index and NGX-Industrial Index, which dipped 1.35% and 1.10% week-on-week due to negative price movements. Conversely, the Industrial Goods and Oil & Gas indices led the gainers, advancing 10.61% and 9.13%, respectively from buying interest in BUACEM, DANGCEM, and ARADEL. The Commodities and Consumer Goods sectors also posted strong gains of 4.87% and 3.97%, buoyed by renewed buying interest in tickers such as PZ, NASCON, BUAFOODS, DANGSUGAR and MECURE.

Top performers for the week included ARADEL (+25.2%), EUNISELL (+19.7%), PZ (+14.2%), NASCON (+12.8%), and BUA Cement (+12.5%), benefiting from sustained investor demand. On the downside, LIVINGTRUST (-10.9%), JULI (-9.9%), RTBRISCOE (-9.8%), JOHNHOLT (-9.7%), and MULTIVERSE (-9.7%) emerged as the worst performers, largely due to profit-taking and weak investor sentiment.

In the coming week, Cowry Research expect the market to trade on a positive note as investors react to the ongoing release of Q3 2025 corporate earnings and dividend declarations. Strong results from bellwether companies and improved liquidity conditions are likely to sustain buying interest across major sectors as fundamentals improve.

However, bouts of profit-taking and portfolio rebalancing may introduce slight volatility, particularly in the banking space as investors rebalance their portfolios in line with current reality and expectations. However, we continue to advise investors to take position in stocks with strong fundamentals and earning growth....

FOREX MARKET: Naira Appreciates at Official Window as Reserves Edge Higher; Oil Prices Steady Despite Sanctions.....

The Naira exhibited mixed outing in the foreign exchange market this week, appreciating against the U.S. dollar at the official window despite sustained interventions by the Central Bank of Nigeria (CBN). The local currency strengthened by 0.90% week-on-week to N1,457.96/\$1 at the official market, while it weakened marginally by 0.49% to N1,491.25/\$1 in the parallel market, reflecting persistent FX demand pressures and cautious investor sentiment.

Meanwhile, Nigeria's external reserves recorded a mild uptick, rising 0.40% week-on-week to \$42.87 billion from \$42.70 billion the previous week. The improvement was supported by steady oil receipts, stronger non-oil inflows, and a sustained trade surplus, all of which continued to underpin the CBN's FX stability efforts.

At the time of writing, Brent crude traded at \$65.63 per barrel, while WTI stood at \$61.43 per barrel—both slightly lower day-on-day but up by about \$4 since Monday. Recent U.S. sanctions on Rosneft and Lukoil prompted Chinese and Indian buyers to temporarily suspend new orders; however, markets anticipate only a limited long-term impact on global oil supply and demand.

In the coming week, we expect the naira to experience under mild pressure in the near term as FX demand persists amid limited liquidity in the market. However, steady oil receipts and a gradual build-up in external reserves could offer some support to the local currency. We continue to monitor CBN interventions and global oil price movements, which are likely to shape sentiment and exchange rate direction in the coming week.....

BOND MARKET: Yields Decline as Nigerian Bond and Eurobond Markets Sustain Positive Momentum.....

The Nigerian secondary bond market closed the week on a bullish note, buoyed by strong investor demand across most tenor segments. Trading activity remained robust, reflecting improved sentiment and sustained appetite for fixed-income instruments amid persistent uncertainties in other asset classes. Consequently, the broad-based demand exerted mild downward pressure on yields, driving the average yield lower by 10 basis points to 15.87% for the week.

Similarly, the Nigerian sovereign Eurobond market maintained a positive momentum, supported by firm investor interest across the curve. Average Eurobond yields declined by 19 basis points week-on-week to 7.81%, reflecting renewed confidence in Nigerian sovereign debt on the back of improving macroeconomic fundamentals and expectations of stronger external reserves.

The bullish momentum in the domestic bond market is expected to persist, driven by sustained investor demand and limited supply. However, mild profit-taking may trigger slight yield adjustments in select maturities. Meanwhile, the DMO has plans to conduct the monthly FGN Bonds auction for October offering N130 billion apiece for the Aug-30 and Jun-32 maturities. We anticipate improved demand across tenors. Elsewhere in the Eurobond space, positive sentiment is expected to continue amid improving macroeconomic fundamentals and stable risk appetite.....

MONEY MARKET: Funding Pressure Eases on Improved Liquidity Amid CBN's Active Liquidity Mop-ups.....

System liquidity opened the week with a net surplus of N956.71 billion, down sharply from N2.0 trillion recorded in the previous week. The moderation was largely due to heightened funding activities at the Central Bank of Nigeria's (CBN) Standing Lending Facility (SLF), where deposit money banks accessed over N960 billion to meet immediate obligations. Additionally, OMO sales and primary market repayments from earlier auctions tightened balances at the start of the week.

However, liquidity conditions improved significantly as the week progressed, buoyed by inflows from maturing Treasury Bills and FAAC disbursements, which pushed system liquidity to a robust N3.12 trillion by week's close. The surge in liquidity also coincided with increased placements at the Standing Deposit Facility (SDF), reflecting excess funds within the banking system.

In response to the liquidity build-up, money market rates exhibited mixed trends. The Overnight (ON) NIBOR eased slightly by 10bps to 24.82%, while the 1-month, 3-month, and 6-month tenors advanced to 25.86%, 26.88%, and 27.50%, respectively, as the CBN sustained its tightening posture. Similarly, the OPR and Overnight policy rates dipped marginally by 4bps and 24bps to 24.50% and 24.83%, signalling improved funding conditions at the short end.

The Nigerian Interbank Treasury Bills True Yield (NITTY) curve also reflected mild upward adjustments, as investors priced in tighter liquidity and higher return expectations. Consequently, yields on the 1-month, 3-month, 6-month, and 12-month maturities rose by 8bps, 7bps, 11bps, and 51bps, to 16.30%, 16.87%, 17.61%, and 18.78%, respectively.

In the secondary market, activity was largely balanced, with strong buying interest at the short and mid segments offset by profit-taking at the long end, leaving the average yield relatively unchanged at 17.44% week-on-week. Conversely, the OMO segment traded mixed, with slight selloffs on longer maturities—particularly the 7-Jul paper—though overall buying pressure trimmed average OMO yields by 2bps to 21.60%.

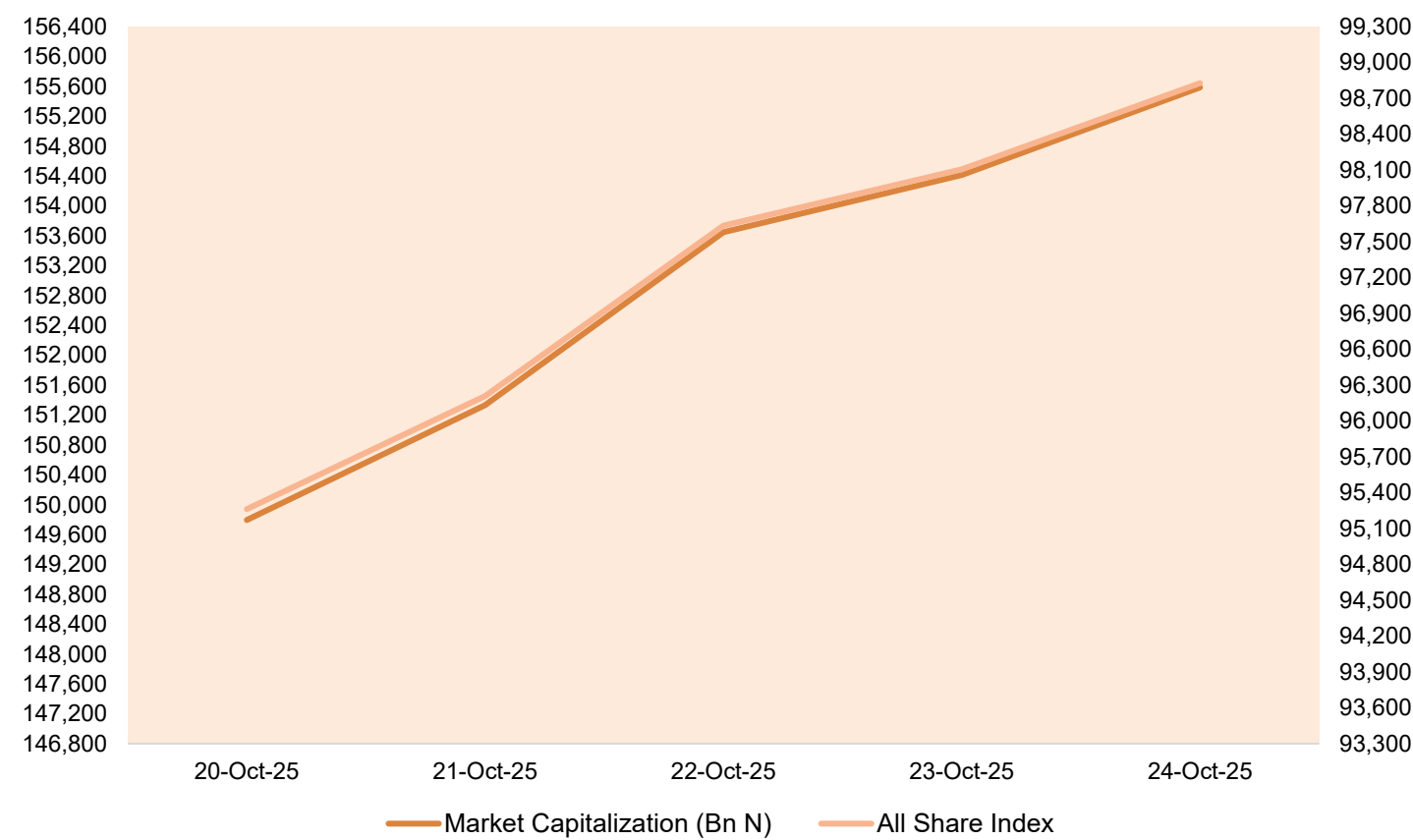
At the primary market, the CBN conducted auctions for both OMO and Nigerian Treasury Bills (NTBs). At the NTB auction held on October 22, 2025, the CBN sold N650 billion worth of bills but allotted N391.6 billion across the 91-day, 182-day, and 364-day instruments amid strong investor demand. The 364-day bill dominated interest, attracting N674.25 billion in subscriptions against a N450 billion offer, with N316.56 billion allotted at a stop rate of 16.14%, marginally higher than previous levels. The shorter tenors—182-day and 91-day bills—cleared at 15.50% and 15.30%, respectively.

The OMO auction earlier in the week reflected even stronger appetite, recording N1.11 trillion in subscriptions against a N600 billion offer. The 252-day bill accounted for the bulk of demand (N1.01 trillion) and cleared at 19.84%, while the 196-day paper saw modest interest, closing at 19.50%. The CBN eventually allotted N827 billion, underscoring its willingness to accommodate strong market demand while sustaining a tight monetary stance.

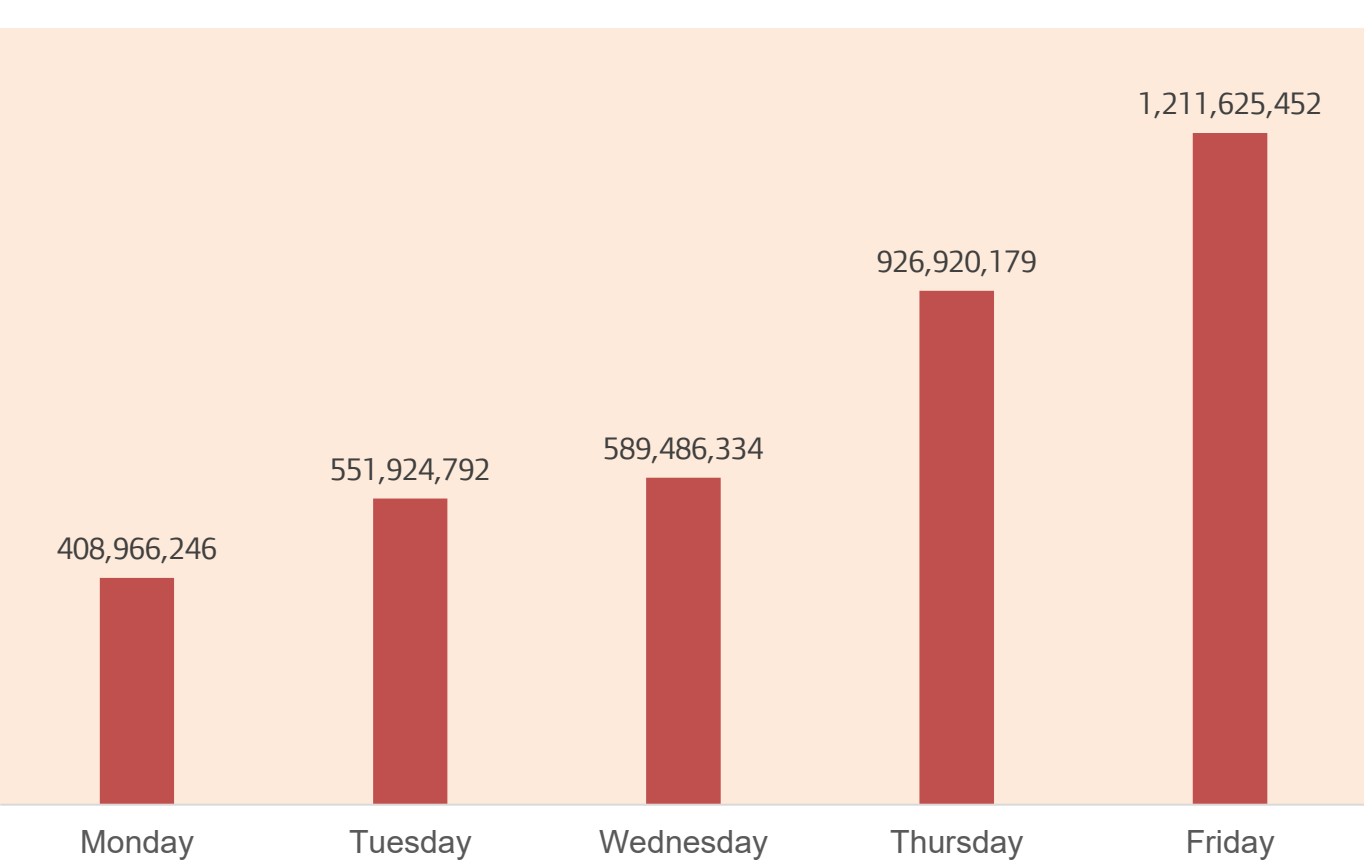
Looking ahead, system liquidity is projected to remain in positive territory, supported by continued permeation of the existing inflows from FAAC and maturing instruments. However, the CBN is expected to maintain its active liquidity management posture, deploying discretionary OMO operations as needed to temper excess liquidity and stabilize short-term interest rates.....



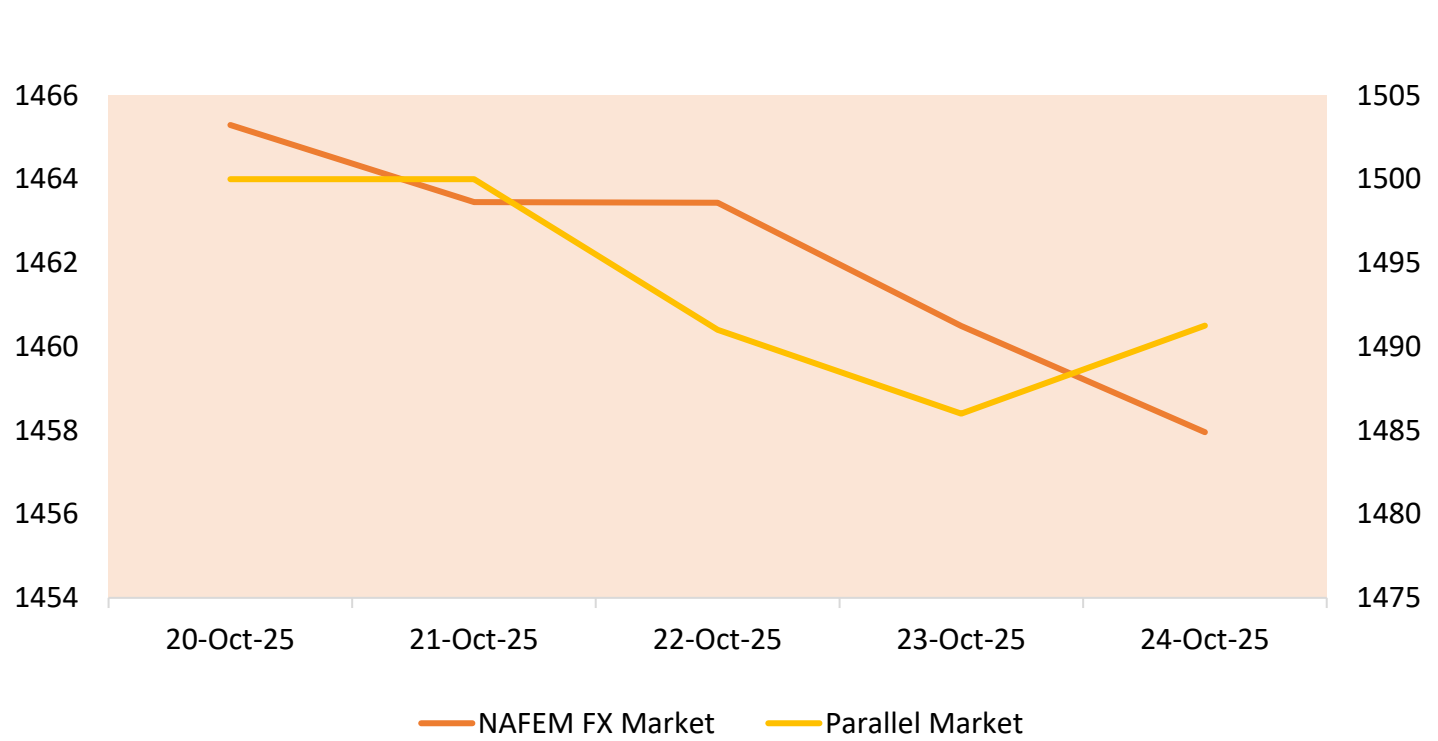
Evolution of Equities Performance Gauges



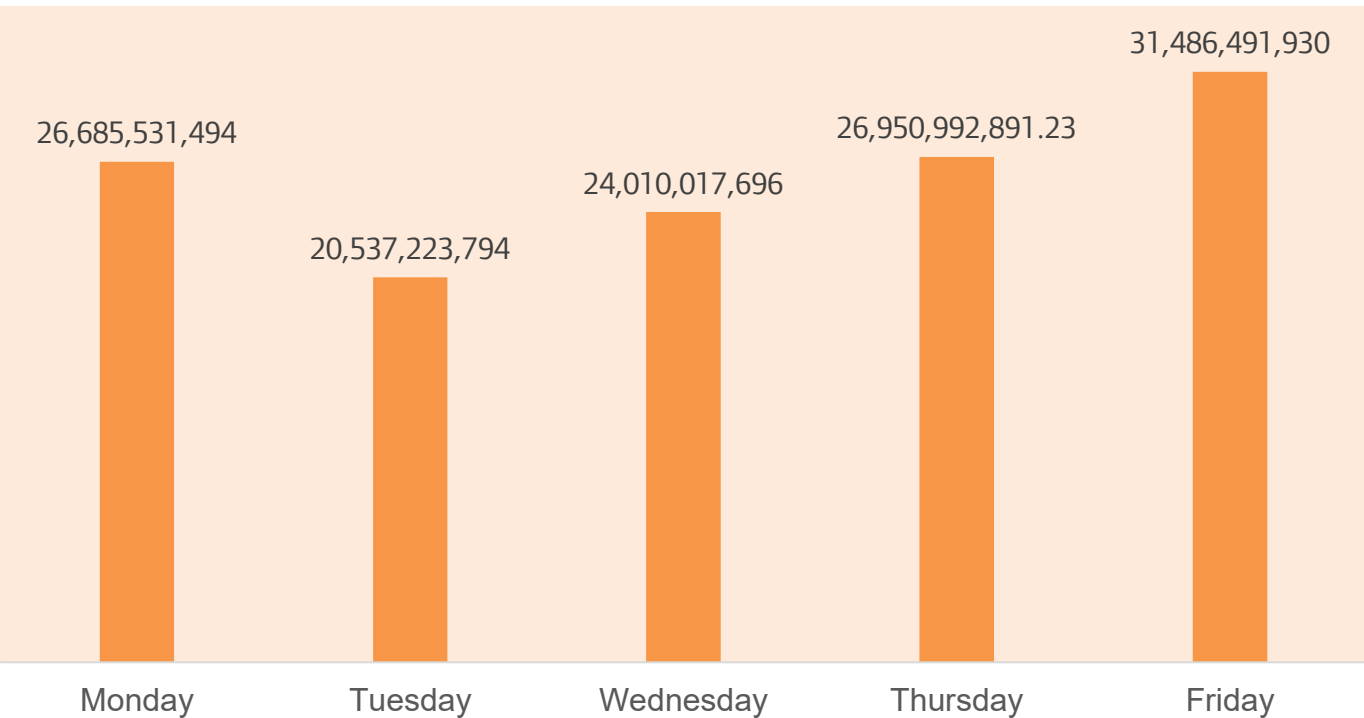
Daily Traded Volume



Evolution of NGN/USD Exchange Rates



Daily Traded Value



Weekly Top Gainers and Losers as at Friday, October 24, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	24-Oct-25	17-Oct-25	% Change	Symbol	24-Oct-25	17-Oct-25	% Change
ARADEL	790.00	631.00	25.2%	LIVINGTRUST	4.01	4.50	-10.9%
EUNISELL	57.95	48.40	19.7%	JULI	8.06	8.95	-9.9%
PZ	44.65	39.10	14.2%	RTBRISCOE	3.3	3.66	-9.8%
NASCON	113.90	101.00	12.8%	JOHNHOLT	6.50	7.20	-9.7%
BUACEMENT	180.00	160.00	12.5%	MULTIVERSE	12.55	13.90	-9.7%
DANGCEM	665.00	600.00	10.8%	CONOIL	190.7	211.1	-9.7%
SKYAVN	99.50	90.05	10.5%	THOMASWY	2.72	3.01	-9.6%
SOVRENINS	3.91	3.57	9.5%	STANBIC	107.20	118.00	-9.2%
MTNN	515.00	474.40	8.6%	REGALINS	1.30	1.42	-8.5%
MECURE	30.70	28.40	8.1%	GUINEAINS	1.37	1.49	-8.1%

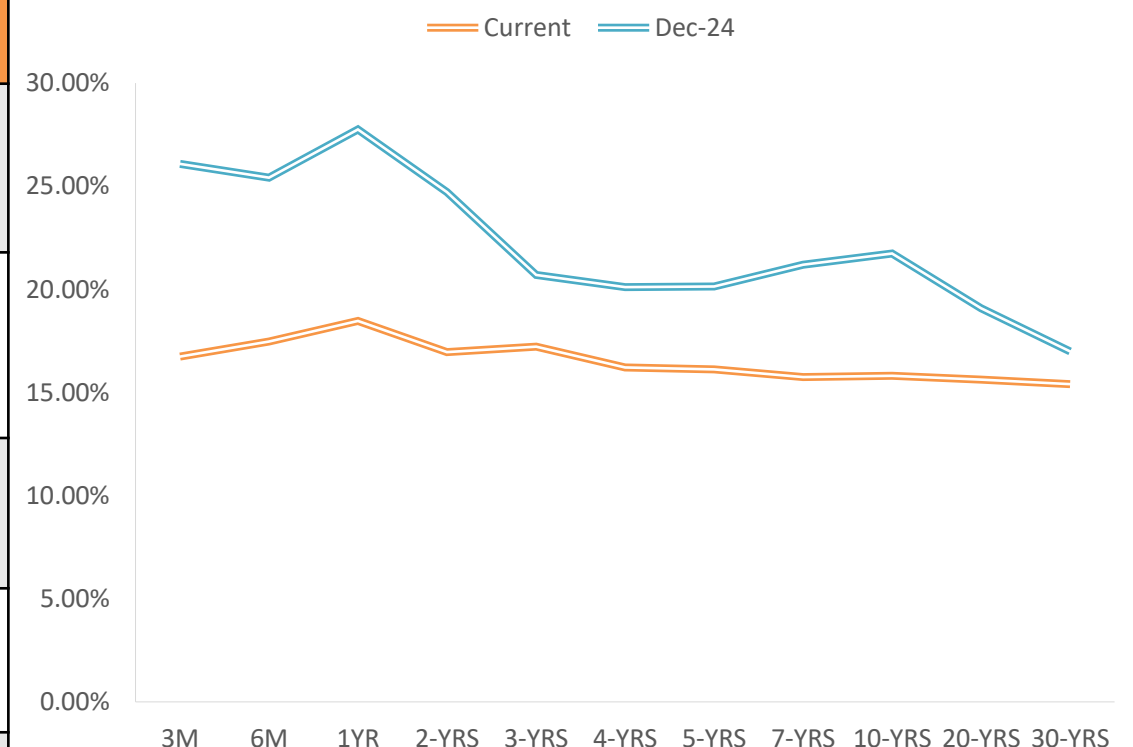
FGN Eurobonds Yields as at Friday, October 24, 2025

FGN Eurobonds			24-Oct-25	Weekly	17-Oct-25	Weekly
	Issue Date	TTM (years)	Price (N)	USD Δ	Yield	PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.08	100.08	0.01	6.3%	-0.29
6.50 NOV 28, 2027	28-Nov-17	2.10	100.34	0.52	6.3%	-0.27
6.125 SEP 28, 2028	28-Sep-21	2.93	97.89	0.07	6.9%	-0.03
8.375 MAR 24, 2029	24-Mar-22	3.42	103.25	0.82	7.3%	-0.27
7.143 FEB 23, 2030	23-Feb-18	4.34	98.87	0.88	7.5%	-0.24
8.747 JAN 21, 2031	21-Nov-18	5.25	104.27	0.98	7.7%	-0.23
7.875 16-FEB-2032	16-Feb-17	6.32	99.74	0.95	7.9%	-0.20
7.375 SEP 28, 2033	28-Sep-21	7.93	95.50	1.19	8.2%	-0.21
7.696 FEB 23, 2038	23-Feb-18	12.34	93.35	0.96	8.6%	-0.13
7.625 NOV 28, 2047	28-Nov-17	22.11	87.56	1.11	8.9%	-0.13
9.248 JAN 21, 2049	21-Nov-18	23.26	102.12	0.93	9.0%	-0.09
8.25 SEP 28, 2051	28-Sep-21	25.95	91.48	1.58	9.1%	-0.18

Weekly Stock Recommendations as at Friday, October 24, 2025

Stock	Current EPS	Forecast EPS	BV/S	P/B Ratio	P/E Ratio	52 WKS' High	52 WKS' Low	Current Price	Price Target	Short term Stop Loss	Short term Take Profit	Potential Upside	Recommendation
ETI	12.27	15.70	147.15	0.24	2.93x	39.25	23.5	36.00	46.1	30.6	41.4	28.00	Buy
BUA CEMENT PLC	5.34	6.94	16.82	10.70	33.70x	183	83.7	180.00	234.0	153.0	207.0	30.00	Buy
WEMA BANK PLC	8.17	11.11	15.08	1.36	2.51x	21	5.8	20.50	27.90	17.4	23.6	36.00	Buy
ARADEL HOLDINGS	33.26	44.57	334.5	2.36	23.75x	850.1	401.1	790.00	1058.6	671.5	908.5	34.00	Buy
PRESCO PLC	88.72	122.43	229.88	6.44	16.68x	1,550	425.00	1,480.00	2042.4	1258.0	1702.0	38.00	Buy

NAIRA YIELD CURVE



U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, October 24, 2025

MAJOR	24-Oct-2025	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1632	1.1619	0.11%	-0.20%	-0.27%	7.74%
GBPUSD	1.3343	1.3326	0.13%	-0.63%	0.04%	2.94%
USDCHF	0.7945	0.7952	-0.09%	0.19%	-0.68%	-8.31%
USDRUB	80.2541	81.2617	-1.24%	-1.13%	-4.40%	-17.48%
USDNGN	17.2671	17.3191	-0.30%	-0.73%	-2.11%	-11.28%
USDZAR	17.2671	17.3191	-0.30%	-0.49%	-0.86%	-227.00%
USDEGP	47.5900	47.5710	0.04%	-0.02%	-1.18%	-2.34%
USDCAD	18.38	18.4004	-0.11%	0.00%	0.58%	0.94%
USDMXN	18.38	18.4004	-0.11%	0.05%	-0.56%	-7.99%
USDBRL	5.38	5.3831	-0.15%	-0.65%	0.20%	-5.83%
AUDUSD	0.5754	0.5754	-0.01%	0.26%	-0.36%	-1.35%
NZDUSD	0.5754	-0.0600	-0.01%	0.60%	-0.17%	-3.72%
USDJPY	152.7460	152.5629	0.12%	1.46%	1.94%	0.35%
USDCNY	152.7460	152.5629	0.12%	1.46%	1.94%	0.35%
USDINR	87.7850	87.7762	0.01%	-0.25%	-1.11%	4.38%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, October 24, 2025

Commodity		24-Oct-2025	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	62.0	61.8	0.29%	8.46%	-4.61%	-13.64%
BRENT	USD/Bbl	66.3	66.0	0.46%	8.15%	-3.35%	-12.84%
NATURAL GAS	USD/MMBtu	3.3	9.8	-1.54%	9.59%	3.18%	6.61%
GASOLINE	USD/Gal	1.9	1.9	0.11%	5.23%	-3.71%	-7.40%
COAL	USD/T	104.2	103.7	0.48%	-0.38%	0.58%	-28.58%
GOLD	USD/t.oz	4,103.7	4,126.0	-0.54%	-3.48%	9.40%	49.30%
SILVER	USD/t.oz	48.5	48.9	-0.84%	-6.58%	7.32%	43.98%
WHEAT	USD/Bu	509.8	513.0	-0.62%	1.30%	-3.17%	-10.32%
PALM-OIL	MYR/T	4,420.0	4,470.1	-1.12%	-2.08%	-0.45%	-2.49%
COCOA	USD/T	6,321.8	6,338.9	-0.27%	7.22%	-8.73%	-6.89%

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